

JORDAN COMMERCIAL BANK

PUBLIC SHAREHOLDING LIMITED COMPANY

INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED NOT AUDITED)

31 MARCH 2023



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**REPORT ON REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF JORDAN COMMERCIAL BANK  
AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of Jordan Commercial Bank (a public shareholding limited company) (the "Bank") as at 31 March 2023, comprising the interim condensed statement of financial position as at 31 March 2023 and the related interim condensed statements of income, comprehensive income, changes in equity, and cash flows for the three months then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting) as adopted by the Central Bank of Jordan. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) as adopted by Central Bank of Jordan.

Amman – Jordan  
27 April 2023

**ERNST & YOUNG**  
Amman - Jordan

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AS AT 31 MARCH 2023**

	Notes	31 March 2023 JD (Unaudited)	31 December 2022 JD (Audited)
<b>ASSETS</b>			
Cash and balances at central Banks	4	69,248,140	71,440,168
Balances at Banks and financial institutions, net	5	50,985,459	46,289,112
Direct credit facilities, net	6	697,472,031	701,854,386
Financial assets at fair value through income statement	7	1,458,911	1,551,339
Financial assets at fair value through other comprehensive income	8	49,967,663	49,490,315
Financial assets at amortized cost, net	9	359,920,588	366,316,269
Property and equipment, net		22,260,340	22,006,151
Intangible assets, net		2,286,368	2,228,329
Right of use assets		5,803,624	5,835,715
Deferred tax assets		10,014,947	9,505,024
Other assets	10	72,164,280	87,586,431
<b>Total Assets</b>		<b>1,341,582,351</b>	<b>1,364,103,239</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Banks' and financial institutions' deposits		79,128,693	82,143,414
Customers' deposits	11	889,283,662	896,800,727
Cash margins		38,020,578	37,774,075
Borrowed funds	12	104,243,558	145,321,349
Provision for income tax	13/a	4,298,517	5,417,035
Sundry provisions	14	1,072,599	881,359
Deferred tax liabilities		660,422	1,720,245
Lease contracts liabilities		5,631,794	5,624,770
Other liabilities	15	53,799,312	26,304,149
<b>Total Liabilities</b>		<b>1,176,139,135</b>	<b>1,201,987,123</b>
<b>SHAREHOLDERS' EQUITY</b>			
Authorized and paid-in capital	1	120,000,000	120,000,000
Statutory reserve	16	19,011,405	19,011,405
Fair value reserve, net	17	4,122,808	2,621,695
Retained earnings	18	20,483,016	20,483,016
Profit for the period		1,825,987	-
<b>Total Shareholders' Equity</b>		<b>165,443,216</b>	<b>162,116,116</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,341,582,351</b>	<b>1,364,103,239</b>

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED INCOME STATEMENT**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)**

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		JD	JD
Interest income		22,486,372	17,647,253
Deduct: Interest expense		(9,991,890)	(8,561,291)
<b>Net interest income</b>		<b>12,494,482</b>	<b>9,085,962</b>
Net commission income		820,245	1,016,075
<b>Net interest and commission income</b>		<b>13,314,727</b>	<b>10,102,037</b>
Gain from foreign currencies		310,126	257,744
(Loss) Gain from financial assets at fair value through income statement		(92,428)	67,219
Dividends from financial assets at fair value through other comprehensive income	8	93,750	75,000
Other income		1,102,968	1,912,198
<b>Gross income</b>		<b>14,729,143</b>	<b>12,414,198</b>
Employees' expenses		3,824,922	3,445,729
Depreciation and amortization		903,799	891,309
Provision for expected credit losses, net	19	4,265,134	1,862,674
Sundry provisions	14	191,240	10,598
Impairment on assets seized by the Bank against due debts	10	28,641	925,201
Other expenses		3,211,200	2,445,695
<b>Total expenses</b>		<b>12,424,936</b>	<b>9,581,206</b>
<b>Profit for the period before tax</b>		<b>2,304,207</b>	<b>2,832,992</b>
Income tax expense for the period	13/b	(478,220)	(1,079,819)
<b>Profit for the period</b>		<b>1,825,987</b>	<b>1,753,173</b>
<b>Earnings per share for the period attributable to the Bank's shareholders</b>		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted		<u>0/015</u>	<u>0/015</u>

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)**

	<u>2023</u>	<u>2022</u>
	JD	JD
<b>Profit for the period</b>	1,825,987	1,753,173
<u>Other comprehensive income items:</u>		
<b>Items not to be reclassified to income statement in subsequent periods</b>		
Change in fair value reserve of financial assets through other comprehensive income, net	<u>1,501,113</u>	<u>77,347</u>
<b>Total comprehensive income for the period</b>	<u><u>3,327,100</u></u>	<u><u>1,830,520</u></u>

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)**

	Reserves				Total shareholders' equity
	Authorized and paid in capital	Statutory	Fair value reserve, net	Retained earnings	
	JD	JD	JD	JD	JD
<b>For the three months ended 31 March 2023</b>					
<b>Balance as at 1 January 2023</b>	120,000,000	19,011,405	2,621,695	20,483,016	162,116,116
Profit for the period	-	-	-	-	1,825,987
Other comprehensive income items	-	-	1,501,113	-	1,501,113
Total comprehensive income for the period	-	-	1,501,113	-	3,327,100
<b>Balance as at 31 March 2023</b>	120,000,000	19,011,405	4,122,808	20,483,016	165,443,216
<b>For the three months ended 31 March 2022</b>					
<b>Balance as at 1 January 2022</b>	120,000,000	17,208,213	(973,100)	10,936,612	147,171,725
Profit for the period	-	-	-	-	1,753,173
Other comprehensive income items	-	-	77,347	-	77,347
Total comprehensive income for the period	-	-	77,347	-	1,830,520
<b>Balance as at 31 March 2022</b>	120,000,000	17,208,213	(895,753)	10,936,612	149,002,245

- The Central Bank of Jordan had issued a Circular No.10/17702 on the 6 June 2018 requesting the offsetting of the General Banking Risk Reserve against the retained earnings' opening balance as of the 1 January 2018 to offset the effect of adoption of IFRS (9).
- Retained earnings balance includes JD 10,014,947 as at 31 March 2023 of restricted amounts against net deferred tax assets (JD 9,505,024 as at 31 December 2022) according to the instructions of the Central Bank of Jordan.
- Use of retained earnings balances that is equal to the cumulative credit change in fair value of financial assets of JD 4,122,808 is restricted as at 31 March 2023 (credit JD 2,621,695 as at 31 December 2022 including JD 311,112 against the implementation of International Financial Reporting Standard No. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.
- Use of retained earnings for an amount that is equal to the unrealized gain of financial assets through income statement which amount to JD 581,240 as at 31 March 2023 (JD 673,688 as at 31 December 2022) is restricted according to the instructions of Jordan Securities Commission and Central Bank of Jordan.

**The accompanying notes from 1 to 25 form part of these interim condensed financial statements**

**JORDAN COMMERCIAL BANK**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)**

	Notes	For the three months ended 31 March	
		2023	2022
<b>Cash flows from operating activities:</b>		JD	JD
Profit for the period before taxes		2,304,207	2,832,992
<b>Non-cash Adjustments:</b>			
Depreciation and amortization		903,799	891,309
Provision for expected credit losses, net	19	4,265,134	1,862,674
Losses (Gains) from valuation of financial assets at fair value through statement of income		92,428	(67,219)
Sundry provisions	14	191,240	10,598
Provision for impairment of assets seized by the bank against due debts	10	28,641	925,201
Finance costs paid for lease contracts liabilities		40,095	101,629
(Gains) Losses from sale of property and equipment		(5,194)	2,189
Dividends income on financial assets at fair value through OCI	8	(93,750)	(75,000)
Effect of exchange rate fluctuations on cash and cash equivalents		(77,870)	(97,604)
Income from adjustments on prior years income tax		(421,602)	-
<b>Profit for the period before changes in assets and liabilities</b>		<b>7,227,128</b>	<b>6,386,769</b>
<b>Changes in Assets and Liabilities -</b>			
Decrease in banks and financial institutions' deposits maturing within a period of more than three months		(25,000,000)	-
Decrease in direct credit facilities		278,667	21,298,564
Decrease in other assets		15,152,762	8,244,235
Decrease in customers' deposits		(7,517,065)	(4,524,608)
Increase in cash margins		246,503	652,823
Increase in other liabilities		27,575,863	5,249,519
<b>Net cash flows from operating activities before income tax and paid provisions</b>		<b>17,963,858</b>	<b>37,307,302</b>
Sundry provisions paid	14	-	(10,598)
Income tax paid	13/a	(1,720,182)	(1,252,261)
<b>Net cash flows from operating activities</b>		<b>16,243,676</b>	<b>36,044,443</b>
<b>Investing activities</b>			
(Increase) Decrease in financial assets at fair value through other comprehensive income		(934)	912
Decrease (Increase) in financial assets at amortized cost		6,394,440	(22,026,058)
Purchase of property and equipment and intangible assets		(961,399)	(310,020)
Proceeds from sale of property and equipment		5,685	3,450
Dividends income on financial assets at fair value through OCI		93,750	75,000
<b>Net cash flows from (used in) investing activities</b>		<b>5,531,542</b>	<b>(22,256,716)</b>
<b>Financing activities</b>			
(Decrease) Increase in borrowed funds		(41,077,791)	2,472,405
Lease contracts paid		(256,100)	(262,234)
<b>Net cash flows (used in) from financing activities</b>		<b>(41,333,891)</b>	<b>2,210,171</b>
Effect of exchange rate fluctuations on cash and cash equivalents		77,870	97,604
Net (Decrease) Increase in cash and cash equivalents		(19,480,803)	16,095,502
Cash and cash equivalents at the beginning of the period		60,586,278	75,506,558
<b>Cash and cash equivalents at the end of the period</b>	20	<b>41,105,475</b>	<b>91,602,060</b>

The accompanying notes from 1 to 25 form part of these interim condensed financial statements

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**31 MARCH 2023 (REVIEWED NOT AUDITED)**

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**(1) GENERAL**

Jordan Commercial Bank (the "Bank") was established as a Jordanian Public Limited Shareholding Company under registration number of (113) on 3 May 1977 in accordance with the Jordanian Companies Law No. (12) for the year 1964 with paid-up capital of JD 5 million divided into 5 million shares. The Bank's Head Office address is Amman, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.

During the year 1993, Al Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Al Mashrek Bank (Jordan branches) in terms of all of its rights and obligations.

At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned governmental parties and on 28 June 2004, procedures relating to changing the Bank's name from Jordan and Gulf Bank to Jordan Commercial Bank were completed.

The Bank's capital was increased gradually, and the last increase took place during 2017. In its extraordinary meeting held on 30 April 2017, the Bank's General Assembly resolved to approve the increase in the Bank's capital by 7.125 million JD/share, so that authorized and paid-up capital would become 120 million JD/share through capitalizing part of the retained earnings and distributing the amount to shareholders as stock dividends. The procedures for the capital increase were completed on 7 June 2017.

Jordan Commercial Bank is a Public Limited Shareholding Company listed on Amman Stock Exchange.

The Bank is engaged in Banking and related financial operations through its branches totalling (35) inside Jordan.

The interim condensed financial statements have been approved by the Bank's Board of Directors in its meeting held on 25 April 2023.

**(2-1) BASIS OF PREPARATION OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting) as adopted by the Central Bank of Jordan.

The interim condensed financial statements are prepared on a historical cost basis, except for financial assets and liabilities which are presented fair value as of the date of the interim condensed financial statements.

The interim condensed financial statements have been presented in Jordanian Dinars ("JD"), which is the functional currency of the Bank.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**31 MARCH 2023 (REVIEWED NOT AUDITED)**

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The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards as adopted by the Central Bank of Jordan and should be read in conjunction with the Bank's annual report as at 31 December 2022. In addition, results for the three months ended 31 March 2023 do not necessarily indicate the expected results for the financial year ending 31 December 2023. No appropriation of the profit has been made for the three months ended 31 March 2023 as it is made at the end of the financial year.

**(2-2) CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2022, except for the followings adoption of new standards effective as at 1 January 2023:

**Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no material impact on the interim condensed financial statements of the Bank.

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material impact on the interim condensed financial statements of the Bank.

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no material impact on the interim condensed financial statements of the Bank.

**IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is not applicable to the Bank.

**IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no material impact on the interim condensed financial statements of the Bank.

**(3) USE OF ESTIMATES**

Preparation of the condensed interim financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed interim statement of comprehensive income and within shareholders’ equity. In particular, the Bank’s management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the condition and circumstances of those estimates in the future.

Management believes that critical judgements and estimates used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the Bank’s annual financial statements for the year 2022.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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**Extension and termination options in lease contracts**

Extension and termination options are included in a number of the leasing contracts, these options are used to increase the operational flexibility in terms of contracts management, most of the extension and termination options are exercisable by both the Bank and the lessor.

In determining the lease term, management considers all facts and circumstance that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension option (or periods after termination option) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in case of occurrence of an important event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

**Discounting of lease payment**

The lease payments are discounted using the Bank's Incremental Borrowing Rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

**(4) CASH AND BALANCES AT CENTRAL BANKS**

- The statutory cash reserve held at central banks amounted to JD 30,472,433 as at 31 March 2023 (JD 30,922,971 as at 31 December 2022).
- Except for cash reserves requirements with central banks, there are no restricted cash balances as at 31 March 2023 and 31 December 2022.
- There are no balances maturing within a period of more than three months as at 31 March 2023 and 31 December 2022.
- There are no certificates of deposits as at 31 March 2023 and 31 December 2022.

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
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**(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS, NET**

Item	Banks and financial institutions				Total	
	Local		Foreign		31 March 2023	31 December 2022
	31 March 2023	31 December 2022	31 March 2023	31 December 2022		
	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)
Current and call accounts	-	29,671	7,729,848	8,822,862	7,729,848	8,852,533
Deposits maturing within a period of three months or less	11,344,000	7,407,100	1,912,180	29,891	13,256,180	7,436,991
Deposits maturing within a period of more than one year	-	-	30,000,000	30,000,000	30,000,000	30,000,000
<b>Total</b>	<b>11,344,000</b>	<b>7,436,771</b>	<b>39,642,028</b>	<b>38,852,753</b>	<b>50,986,028</b>	<b>46,289,524</b>
<b>Less: Provision for expected credit Losses*</b>	<b>-</b>	<b>(402)</b>	<b>(569)</b>	<b>(10)</b>	<b>(569)</b>	<b>(412)</b>
	<b>11,344,000</b>	<b>7,436,369</b>	<b>39,641,459</b>	<b>38,852,743</b>	<b>50,985,459</b>	<b>46,289,112</b>

- The non-interest-bearing balances held at banks and financial institutions amounted to JD 7,729,848 as at 31 March 2023 and (JD 8,852,533 as at 31 December 2022).
- Total Balances at Banks and financial institutions that are maturing in more than three months amounted JD 30,000,000 as of 31 March 2023 (JD 30,000,000 as at 31 December 2022).
- There are no restricted balances as at 31 March 2023 and 31 December 2022.

The movement on the provision for expected credit losses for balances at banks and financial institutions is as follows:

	31 March 2023 (Reviewed not audited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	412	-	-	412
ECL for new balances during the year	559	-	-	559
Recoveries from ECL related to paid balances	(402)	-	-	(402)
<b>Balance at the end of the period</b>	<b>569</b>	<b>-</b>	<b>-</b>	<b>569</b>

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	31 December 2022			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	2,865	-	-	2,865
ECL for new balances during the year	287	-	-	287
Recoveries from ECL related to paid balances	(2,233)	-	-	(2,233)
Changes resulting from adjustments	(507)	-	-	(507)
Balance at the end of the year	412	-	-	412

**(6) DIRECT CREDIT FACILITIES, NET**

The details of this item are as follows:

	31 March 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
<b>Individuals (Retail):</b>		
Overdrafts	690,141	617,809
Loans and bills *	190,457,509	192,034,774
Credit cards	6,371,627	6,516,177
<b>Real Estate Loans</b>	105,127,072	103,677,524
<b>Corporations:</b>		
<b>A- Large Corporations:</b>		
Overdrafts	67,766,532	75,306,699
Loans and bills *	318,894,534	309,368,859
<b>B- Small and Medium Enterprises "SMEs:"</b>		
Overdrafts	14,557,247	13,831,126
Loans and bills *	45,256,165	42,573,080
<b>Governmental and Public Sector</b>	22,952,888	26,911,335
<b>Total</b>	772,073,715	770,837,383
(Less): Provision for expected credit losses	(56,098,845)	(52,030,738)
Suspended interests	(18,502,839)	(16,952,259)
<b>Direct credit facilities, net</b>	697,472,031	701,854,386

\* Net after deducting interest and commissions received in advance amounting to JD 320,586 as at 31 March 2023 (JD 415,570 as at 31 December 2022).

- During the first three months ended at 31 March 2023, direct credit facilities amounting to JD 76,633 were written-off with interest in suspense amounting to JD 41,087 and a provision of JD 35,581.
- Non-performing credit facilities amounted to JD 77,573,901 representing 10.05% of total credit facilities as at 31 March 2023 (JD 75,322,001 representing 9.77% of total credit facilities as at 31 December 2022).

**JORDAN COMMERCIAL BANK**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**(PUBLIC SHAREHOLDING LIMITED COMPANY)**  
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- Non-performing credit facilities net of suspended interest and commissions amounted to JD 59,088,213 as at 31 March 2023 representing 7.84% of total credit facilities after deducting interest and commissions as at 31 March 2023 (JD 58,369,742 representing 7.74% of total credit facilities as at 31 December 2022).
- Non-performing credit facilities transferred to off financial position items amounted to JD 163,436,174 as at 31 March 2023 (JD 163,021,206 as at 31 December 2022). These credit facilities are fully covered with the suspended interests and provisions.
- Direct credit facilities include facilities granted that are guaranteed by the Government of Jordan amounting to JD 15,000,000 as of 31 March 2023 (JD 18,750,000 as at 31 December 2022).

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The movement on the provision for expected credit losses for the three months ending 31 March 2023 is as follows:

Item	31 March 2023 (Reviewed not audited)										
	Individuals		Real estate		Large Corporations		SMEs		Governmental and public sectors		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD		
Balance at the beginning of the period	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738					
ECL for new facilities during the period	38,248	3,844	18,073	8,995	-	69,160					
Recoveries from ECL related to settled facilities during the period	(81,750)	(13,942)	(5,690)	(2,798)	-	(104,180)					
Transferred to stage 1	16,503	(14,191)	(500,897)	(440)	-	(499,025)					
Transferred to stage 2	(151,116)	311	483,275	485	-	332,955					
Transferred to stage 3	134,613	13,880	17,622	(45)	-	166,070					
Effect on provision resulting from reclassification among the three stages	158,577	288,086	210,815	36,622	-	694,100					
Changes resulting from adjustments	591,783	(4,502)	2,257,576	602,609	(2,858)	3,444,608					
Written-off credit facilities	(35,247)	-	-	(334)	-	(35,581)					
Balance at the end of the period	15,040,928	3,682,535	30,525,681	6,825,965	23,736	56,098,845					
Re-allocation:											
Provisions on an individual basis	15,040,928	3,682,535	30,525,681	6,825,965	23,736	56,098,845					
Total	15,040,928	3,682,535	30,525,681	6,825,965	23,736	56,098,845					

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The movement on the provision for expected credit losses during the year ended 31 December 2022 is as follows:

	31 December 2022 (Audited)										
	Retail		Real Estate		Large Corporations		SME's		Governmental and Public		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141					
ECL for new facilities during the year	176,354	13,022	9,948	16,311	-	215,635					
Recoveries from ECL related to settled facilities	(500,935)	(494,557)	(557,898)	(126,013)	(37,877)	(1,717,280)					
Transferred to stage 1	(39,956)	(7,597)	(286,387)	(28,983)	-	(362,923)					
Transferred to stage 2	(144,831)	8,749	446,346	15,376	-	325,640					
Transferred to stage 3	184,787	(1,152)	(159,959)	13,607	-	37,283					
Effect on provision resulting from reclassification among the three stages	1,536,407	54,720	2,054,647	1,868,819	-	5,514,593					
Changes resulting from adjustments	860,779	563,480	1,043,781	30,160	(3,881)	2,494,319					
Credit facilities transferred to off statement of financial position regulatory accounts	(316,570)	-	(17,366,111)	(460,347)	-	(18,143,028)					
Written-off credit facilities	(50,934)	(5,350)	(70,358)	-	-	(126,642)					
Balance at the end of the year	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738					
Re-allocation:											
Provision on an individual basis	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738					
Total	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738					

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**Suspended Interest**

The movement on suspended interest is as follows:

	<u>Companies</u>					Government al and public sectors	Total
	<u>Individuals</u>	<u>Real estate loans</u>	<u>Large Corporations</u>	<u>SMEs</u>			
	JD	JD	JD	JD	JD		
<b>For the three months ended in 31 March 2023 (Reviewed not audited)</b>							
Balance at the beginning of the period	4,004,947	1,778,328	8,099,619	3,069,365	-		16,952,259
<u>Add: Interest in suspense for the period</u>	522,020	180,489	758,141	327,585	-		1,788,235
<u>Less: Interest transferred to revenues for the period</u>	(83,649)	(28,357)	(8,496)	(76,066)	-		(196,568)
Interests in suspense written-off	(12,046)	(15,373)	-	(13,668)	-		(41,087)
<b>Balance at the end of the period</b>	<b>4,431,272</b>	<b>1,915,087</b>	<b>8,849,264</b>	<b>3,307,216</b>	<b>-</b>		<b>18,502,839</b>

	<u>Companies</u>					Governmental and public sectors	Total
	<u>Individuals</u>	<u>Real estate loans</u>	<u>Large Corporations</u>	<u>SMEs</u>			
	JD	JD	JD	JD	JD		
<b>For the year ended in 31 December 2022 (Audited)</b>							
Balance at the beginning of the year	2,746,786	1,446,419	16,592,779	3,069,771	-		23,855,755
<u>Add: Interest in suspense for the year</u>	1,601,925	632,109	3,734,581	1,144,441	-		7,113,056
<u>Less: Interest transferred to revenues for the year</u>	(280,505)	(298,755)	(340,674)	(388,395)	-		(1,308,329)
Interests in suspense written-off	(19,735)	(1,445)	(889,356)	(51,474)	-		(962,010)
Interest in suspense transferred to off statement of financial position regulatory accounts	(43,524)	-	(10,997,711)	(704,978)	-		(11,746,213)
<b>Balance at the end of the year</b>	<b>4,004,947</b>	<b>1,778,328</b>	<b>8,099,619</b>	<b>3,069,365</b>	<b>-</b>		<b>16,952,259</b>

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**(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME**

The details of this item are as follows:

	31 March 2023	31 December 2022
	(Reviewed not audited)	(Audited)
	JD	JD
Quoted shares in active markets	1,458,911	1,551,339
	<u>1,458,911</u>	<u>1,551,339</u>

**(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The details of this item are as follows:

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Quoted shares in active markets	32,429,688	32,465,081
Unquoted investments*	17,537,975	17,025,234
	<u>49,967,663</u>	<u>49,490,315</u>

- Cash dividends distributions for the above-mentioned financial assets amounted to JD 93,750 for the period ended 31 March 2023 (31 December 2022: JD 75,000).

\* A memorandum of understanding was signed during December 2022 to sell Jordan Commercial Bank's shares in National Bank – Palestine. Transfer of shares ownership procedures have not been finalized up to the date of the preparation of the accompanying interim condensed financial statements preparation as at 31 March 2023 and the financial statements as at 31 December 2022.

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**(9) FINANCIAL ASSETS AT AMORTIZED COST, NET**

The details of this item are as follows:

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Treasury bonds and bills	356,179,113	362,573,553
Companies' bonds and debentures	4,223,364	4,192,932
	<u>360,402,477</u>	<u>366,766,485</u>
<u>Less: Provision for expected credit losses *</u>	(374,525)	(373,284)
Interests in suspense	(107,364)	(76,932)
Financial assets at amortized cost, net	<u>359,920,588</u>	<u>366,316,269</u>

The movement on the provision for expected credit losses of financial assets at amortized cost is as follows:

	31 March 2023 (Reviewed not audited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	17,181	-	356,103	373,284
Changes resulting from adjustments	1,241	-	-	1,241
Balance at the end of the period	<u>18,422</u>	<u>-</u>	<u>356,103</u>	<u>374,525</u>

  

	31 December 2022 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	53,906	-	585,195	639,101
Recoveries from ECL related to matured investment	-	-	(229,092)	(229,092)
Changes resulting from adjustments	(36,725)	-	-	(36,725)
Total balance at the end of the year	<u>17,181</u>	<u>-</u>	<u>356,103</u>	<u>373,284</u>

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**(10) OTHER ASSETS**

The details of this item are as follows:

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Assets seized by the Bank against due debts - net *	44,520,054	55,682,898
Accrued interest and revenue	16,779,529	16,054,519
Accounts receivable from assets sold in installments	-	6,553,941
Purchase of time withdrawals and letters of credit – net***	2,534,520	2,402,958
Refundable deposits	1,231,988	1,426,392
Prepaid expenses	2,253,216	1,340,439
Transactions in transit between branches	238,652	-
Clearing cheques	260,172	142,751
Others	4,346,149	3,982,533
	<u>72,164,280</u>	<u>87,586,431</u>

\* Movement on assets seized by the bank against due debts for the period/year is as follows:

	Assets seized by the bank	
	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period / year	55,682,898	63,485,568
Additions during the period / year	1,730,567	4,349,556
Disposals during the period / year	(12,864,770)	(12,668,569)
Impairment for the period / year	(32,979)	2,029,452
Provision on breached assets seized by the bank **	4,338	(1,513,109)
Balance at the end of the period / year	<u>44,520,054</u>	<u>55,682,898</u>

According to the Banks Law, buildings and plots of land seized by the Bank against debts due from customers should be sold within two years from the ownership date. For exceptional cases, the Central Bank of Jordan may extend this period for a maximum of two additional years.

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\*\* Movement on the impairment provision on breached assets seized by the bank during the period/year is as follows:

	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/year	3,447,395	1,934,286
Provided for the period/year	-	1,547,736
Surplus during the period / year	(4,338)	(34,627)
Utilized from provision during the period as a result of sale	(348,809)	-
Balance at the end of the period/year	<u>3,094,248</u>	<u>3,447,395</u>

\*\*\* Movement on the provision for expected credit losses on time withdrawals, policies and letters of credit purchased is as follows:

	31 March 2023 (Reviewed not audited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	105,030	-	-	105,030
ECL for new facilities during the year	-	452	-	452
Transferred to stage 3	(105,030)	-	105,030	-
Effect on provision resulting from Reclassification between the three stages	-	-	240,296	240,296
Balance at the end of the period	<u>-</u>	<u>452</u>	<u>345,326</u>	<u>345,778</u>

  

	31 December 2022 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	197,359	-	-	197,359
Changes resulting from adjustments	(92,329)	-	-	(92,329)
Balance at the end of the year	<u>105,030</u>	<u>-</u>	<u>-</u>	<u>105,030</u>

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**(11) CUSTOMERS' DEPOSITS**

The details of this item are as follows:

	31 March 2023 (Reviewed not audited)				
	Individuals	Large Corporations	SMEs	Government and public Sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	37,766,690	33,103,405	37,937,464	12,364,087	121,171,646
Saving deposits	190,500,890	69,215	2,158,333	306,729	193,035,167
Certificates of deposits	32,442,848	-	-	-	32,442,848
Time and notice deposits	367,551,937	40,682,468	83,474,096	50,925,500	542,634,001
	<u>628,262,365</u>	<u>73,855,088</u>	<u>123,569,893</u>	<u>63,596,316</u>	<u>889,283,662</u>
	31 December 2022 (Audited)				
	Individuals	Large Corporations	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	37,894,037	36,285,033	37,357,012	6,909,082	118,445,164
Savings deposits	202,108,902	114,447	1,255,897	39,581	203,518,827
Certificates of deposit	30,827,851	-	30,000	-	30,857,851
Term deposits subject to notice	360,263,719	47,364,250	81,910,743	54,440,173	543,978,885
	<u>631,094,509</u>	<u>83,763,730</u>	<u>120,553,652</u>	<u>61,388,836</u>	<u>896,800,727</u>

- The Government of Jordan and the public sector's deposits amounted to JD 63,596,316 representing 7.15% of total customers' deposits as at 31 March 2023 (JD 61,388,836 representing 6.85% of total customers' deposits as at 31 December 2022).
- Non-interest-bearing deposits amounted to JD 115,183,164 representing 12.95% of total customers' deposits as at 31 March 2023 (JD 115,201,322 representing 12.85% of total customers' deposits as at 31 December 2022).
- Reserved deposits (restricted withdrawals) amounted to JD 2,587,979 representing 0.29% of total customers' deposits as at 31 March 2023 (JD 3,169,873 representing 0.35% of total customers' deposits as at 31 December 2022).
- Dormant deposits amounted to JD 9,545,975 representing 1.07% of total customer's deposits as at 31 March 2023 (JD 10,191,907 as at 31 December 2022 representing 1.14% of total customers deposits).

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**(12) BORROWED FUNDS**

These funds have been received from the Central Bank of Jordan, for the purpose of financing micro, small and medium companies, within a program of medium financing terms and will be reimbursed through semi-annual instalments inclusive of interest.

31 March 2023 (Reviewed not audited)	Total loan	Utilized	Settlement method	Guarantees	Interest
	JD	JD			Rate
					%
World Bank loan	2,000,000	900,000	20 years including 5 years grace period settled in semi-annual instalments	-	5.64
Arab Monetary Fund loan	2,100,000	488,987	10 years including 3 years grace period settled in semi-annual instalments	-	2.5
Advances from the Central Bank of Jordan	33,548,228	33,548,228	Settled in different instalments	-	1-0
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment on 5 February 2024	Transfer of property mortgage	7.30
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment on 16 August 2028	Transfer of property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment on 26 September 2024	Transfer of property mortgage	4.55
International Fund for Agricultural Development	750,000	673,584	18 years including 3 years grace period settled in semi-annual instalments	-	3.42
European Investment Bank	23,007,759	23,007,759	7 years to be settled in semi-annual installments.	-	6
The Central Bank of Jordan against mortgaged bonds	15,625,000	15,625,000	16 May 2023	Mortgage bonds	6-4.5
		104,243,558			

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<b>31 December 2022 (Audited)</b>	<u>Total loan</u> JD	<u>Utilized</u> JD	<u>Settlement method</u>	<u>Guarantees</u>	<u>Interest Rate</u> %
Loan from World Bank	2,000,000	1,000,000	20 years, including a 5-year grace period; to be settled in semi-annual installments	-	5.64
Loan from Arab Monetary Funds	2,100,000	483,000	10 years, including a 3-year grace period; to be settled in semi-annual installments	-	2.5
Advances from the Central Bank of Jordan	35,252,608	35,252,608	Settled in different instalments	-	1-0
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5 February 2024	Transfer of property mortgage	7.30
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16 August 2028	Transfer of property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26 September 2024	Transfer of property mortgage	4.55
International Fund for Agricultural Development	750,000	667,262	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	3.42
European Investment Bank	23,007,759	23,007,759	7 years to be settled in semi-annual installments.	-	6
The Central Bank of Jordan against mortgaged bonds	54,910,720	54,910,720	Between 2 January and 16 May 2023	Mortgage bonds	6-4.5
<b>Total</b>		<u>145,321,349</u>			

The re-borrowed loans balance amounted to JD 36,878,016 as at 31 March 2023 (JD 37,447,669 as at 31 December 2022). The interest rates ranged between 2% and 11.75 % as at 31 March 2023 (2% and 11% 31 December 2022).

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**(13) INCOME TAX**

**A. INCOME TAX PROVISION**

The movement on the provision for income tax during the period/ year was as follows:

	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period / year	5,417,035	3,126,294
Income tax incurred on current period/year profit	831,661	6,481,934
Prior years income tax adjustment	(229,997)	-
Income tax paid	(1,720,182)	(4,191,193)
Balance at the end of the period/year	<u>4,298,517</u>	<u>5,417,035</u>

**B. INCOME TAX EXPENSE**

Income tax expense in the condensed interim income statement represents the following:

	31 March 2023	31 March 2022
	JD	JD
Income tax incurred on current period profit	831,661	1,116,177
Prior years income tax	191,605	-
Deferred tax assets	(509,923)	(61,901)
Deferred tax liabilities	(35,123)	25,543
	<u>478,220</u>	<u>1,079,819</u>

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**C. TAX STATUS:**

The Bank has reached a final settlement with the Income and Sales Tax Department until the end of 2018.

Regarding the years 2019, 2020, 2021 and 2022, the income tax returns were submitted within the legal period, but it have not been reviewed yet.

In the opinion of the Bank's management and legal and tax advisor, no liabilities in excess of the provision booked and the advance payments made by the Bank will arise as of the date of the financial statements.

	31 March 2023 <u>(Reviewed not audited)</u>	31 December 2022 <u>(Audited)</u>
<u>Statutory income tax rate</u>	38%	38%
<u>Effective tax rate</u>	36%	36%

**(14) SUNDRY PROVISIONS**

The movement on this item is as follows:

	Balance at the beginning of the period <u>JD</u>	Expense for the period <u>JD</u>	Paid during the period <u>JD</u>	Balance at the end of the period <u>JD</u>
<u>31 March 2023 (Reviewed not audited)</u>				
Provision for lawsuits against the Bank	266,000	190,000	-	456,000
Provision for end of services indemnity	359	1,240	-	1,599
Others	615,000	-	-	615,000
Total	<u>881,359</u>	<u>191,240</u>	<u>-</u>	<u>1,072,599</u>
	Balance at the beginning of the year <u>JD</u>	Expense for the year <u>JD</u>	Paid during the year <u>JD</u>	Balance at the end of the year <u>JD</u>
<u>31 December 2022 (Audited)</u>				
Provision for lawsuits against the Bank	267,690	32,812	(34,502)	266,000
Provision for end of services indemnity	359	-	-	359
Others	615,000	-	-	615,000
Total	<u>883,049</u>	<u>32,812</u>	<u>(34,502)</u>	<u>881,359</u>

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**(15) OTHER LIABILITIES**

The details of this item are as follows:

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Received amounts for the sale of financial assets	23,906,901	1,194,665
Refundable and various deposits	10,965,415	6,799,197
Unpaid accrued interests	7,249,325	6,834,576
Accepted checks	4,892,524	3,511,426
Provision for expected credit losses for items off the condensed interim statement of financial position and unutilized ceilings *	1,398,702	1,479,402
Amounts received from sale of assets seized by the Bank	1,226,146	1,069,621
Unpaid accrued expenses	699,718	1,415,502
Transactions in transit between branches	-	1,140,161
Income tax and social security deposits	484,667	336,017
Safe deposits boxes	106,298	105,508
Shareholders' deposits	13,957	14,033
Board of Directors' remuneration	55,000	55,000
Inward transfers	41,196	37,800
Others	2,759,463	2,311,241
	<u>53,799,312</u>	<u>26,304,149</u>

\* The movement on the provision for expected credit losses for items off the condensed interim statement of financial position is as follows:

	31 March 2023 (Reviewed not audited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	637,620	41,403	800,379	1,479,402
ECL on new exposures during the period	15,178	397	-	15,575
Recoveries from ECL during the period	(21,406)	(4,332)	(2,282)	(28,020)
Transferred to stage 1	1,376	(1,371)	(5)	-
Transferred to stage 2	(8,552)	8,595	(43)	-
Transferred to stage 3	(2)	(70)	72	-
Effect on provision due to reclassification between the three stages	-	(420)	(1,070)	(1,490)
Changes resulting from adjustments	(29,473)	12,093	(49,385)	(66,765)
Balance at the end of the period	<u>594,741</u>	<u>56,295</u>	<u>747,666</u>	<u>1,398,702</u>

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	31 December 2022 (Audited)			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance at the beginning of the year	493,631	147,605	680,561	1,321,797
New exposures during the year	260,000	3,773	114	263,887
Reversed impairment loss on matured exposures	(48,113)	(11,242)	(21,348)	(80,703)
Transferred to stage (1)	6,698	(6,661)	(37)	-
Transferred to stage (2)	(31,792)	31,792	-	-
Transferred to stage (3)	(554)	(115)	669	-
Effect on provision due to reclassification between the three stages	-	(23,573)	209,991	186,418
Changes resulting from adjustments	(42,250)	(100,176)	(69,571)	(211,997)
Balance at the end of the year	<u>637,620</u>	<u>41,403</u>	<u>800,379</u>	<u>1,479,402</u>

**(16) STATUTORY RESERVES**

The Bank did not appropriate any the statutory reserves according to the Jordanian Companies Law as these financial statements are interim condensed. Appropriation is typically done at the end of the fiscal year.

**(17) FAIR VALUE RESERVE, NET**

The movement on the fair value reserve for the period / year is as follows:

	31 March	31 December
	2023	2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	2,621,695	(973,100)
Unrealized gains - net	1,501,113	3,604,208
Released from selling financial assets at fair value through other comprehensive income	-	(9,413)
Balance at the end of the period/ year	<u>4,122,808</u>	<u>2,621,695</u>

The fair value reserve includes JD 311,112 as at 31 March 2023 and 31 December 2022 as an impact related to the implementation of the International Financial Reporting Standard No. (9).

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**(18) RETAINED EARNINGS**

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	20,483,016	10,936,612
Profit for the year	-	11,340,183
Transferred to reserves	-	(1,803,192)
Realized gains from selling financial assets at fair value through other comprehensive income	-	9,413
Balance at the end of the period/ year	<u>20,483,016</u>	<u>20,483,016</u>

- Retained earnings balance includes JD 10,014,947 as of 31 March 2023 of restricted amounts against deferred tax assets according to the instructions of Jordan Securities Commission and Central Bank of Jordan.
- Use of retained earnings balances that is equal to the cumulative credit change in fair value of financial assets of JD 4,122,808 is restricted as at 31 March 2023 (Credit JD 2,621,695 as at 31 December 2022 including JD 311,112 against the implementation of International Financial Reporting Standard No. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.
- Use of retained earnings for an amount that is equal to the unrealized gain of financial assets through income statement which amount to JD 581,240 as at 31 March 2023 (JD 673,668 as at 31 December 2022) is restricted according to the instructions of Jordan Securities Commission and Central Bank of Jordan.
- Subsequent to the date of the interim condensed financial statements, The Bank's General Assembly in it's meeting held on 13 April 2023 approved to distribute 5% of the capital as cash dividends, which is equivalent to JD 6,000,000 to shareholders from the retained earnings for the year 2022.

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**(19) PROVISION FOR EXPECTED CREDIT LOSSES, NET**

The details of this item are as follows:

	For the three months ended 31	
	March	
	2023	2022
	JD	JD
Balances and deposits at financial institutions	157	(2,840)
Direct credit facilities	4,103,688	1,821,759
Financial assets at amortized cost	1,241	(23,068)
Indirect credit facilities and other commitments	(80,700)	70,003
Purchased credits and withdrawals	240,748	(3,180)
	<u>4,265,134</u>	<u>1,862,674</u>

**(20) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	For the three months ended 31	
	March	
	2023	2022
	JD	JD
Cash and balances at central banks maturing within three months	69,248,140	113,057,906
<u>Add:</u> Balances at banks and financial institutions maturing within a period of three months	20,986,028	5,516,924
<u>Less:</u> Banks and financial institutions' deposits maturing within a period of three months	<u>(49,128,693)</u>	<u>(26,972,770)</u>
	<u>41,105,475</u>	<u>91,602,060</u>

**(21) SEGMENT INFORMATION**

**1- Information on Bank Activities**

The Bank is organized for administrative purposes through six main operating segments:

- Individual accounts: Principally follow-up on individual customers accounts real estate loans overdrafts credit cards facilities and transfer facilities.
- SME's: Principally "SME's' transactions on loans credit facilities and deposits and those classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.
- Corporate accounts: Principally corporate transactions on credit facilities and deposits, and those classified according to the volume of deposits and facilities in accordance with the instructions and policies existing in the Bank and commensurate with the instructions of the regulatory authorities.
- Treasury: Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.
- Others: This sector includes all accounts not included in the above sectors, for example shareholders equity, property and equipment, and general management.

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	Total for the three months ended 31								
	Individuals		Institutions		Treasury		Others		March (Reviewed not audited)
	JD		JD	JD	JD	JD	JD	2023	2022
<b>Gross income for the period</b>	5,925,868		7,133,593	1,666,759	2,923			14,729,143	12,414,198
Less: Provision for expected credit losses	(700,363)		(3,322,625)	(242,146)	-			(4,265,134)	(1,862,674)
Segment results of operation	5,225,505		3,810,968	1,424,613	2,923			10,464,009	10,551,524
Less: Distributed segment expenses	(4,763,953)		(2,381,976)	(793,992)	(219,881)			(8,159,802)	(7,718,532)
Profit before income tax for the period	461,552		1,428,992	630,621	(216,958)			2,304,207	2,832,992
Less: Income tax for the period	-		-	-	(478,220)			(478,220)	(1,079,819)
Profit for the period	461,552		1,428,992	630,621	(695,178)			1,825,987	1,753,173
<b>Other information:</b>									
Capital expenditures								961,399	310,020
Depreciation and amortization								903,799	891,309
<b>Total segment assets</b>	263,749,823		490,468,716	494,685,025	92,678,787			1,341,582,351	1,364,103,239
<b>Total segment liabilities</b>	667,506,275		330,082,307	146,841,335	31,709,218			1,176,139,135	1,201,987,123
								31 March 2023	31 December 2022
								JD	JD
								(Reviewed not audited)	(Audited)

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**2- Geographical distribution information**

This sector represents the geographical distribution of the Banks operation, The Bank operates mainly in the Kingdom.

	Inside Jordan		Outside Jordan		Total	
	For the three months ended 31 March		For the three months ended 31 March		For the three months ended 31 March	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Gross income	15,211,256	12,645,746	(482,113)	(231,548)	14,729,143	12,414,198
Capital Expenditures	961,399	310,020	-	-	961,399	310,020
	31 March	31 December	31 March	31 December	31 March	31 December
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Total assets	1,261,561,843	1,284,429,148	80,020,508	79,674,091	1,341,582,351	1,364,103,239

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**(22) RELATED PARTIES TRANSACTIONS AND BALANCES**

The Bank entered transactions with the members of the Board of Directors and related parties and companies represented by the members of the Board of Directors and executive management within the normal banking practice and according to the normal interest rates and trading commissions.

Financial statements include transactions and balances with related parties as follows:

	BOD members and their related parties	Companies represented by the BOD	Employees	Others	Total	
					31 March 2023	31 December 2022
	JD	JD	JD	JD	JD	JD
					(Reviewed not audited)	(Audited)
<u>Condensed Interim Statement of Financial</u>						
<u>Position Items:</u>						
Deposits	7,546,966	2,722,494	356,254	30,292,390	40,918,104	40,427,044
Direct credit facilities	418,245	19,685,580	1,679,290	5,866,581	27,649,696	26,507,675
Deposits with others	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	191,031	-	-	191,031	586,849
<u>Items Off the Statement of Condensed</u>						
<u>Interim Financial Position:</u>						
Letters of guarantee	-	1,423,503	-	354,500	1,778,003	2,143,424
Letters of credit	-	475,030	-	-	475,030	426,818
					For the three months ended	
					31 March (Reviewed not	
					audited)	
					2023	2022
					JD	JD
<u>Condensed Interim Statement of Income</u>						
<u>Items:</u>						
Interest and commission income	12,327	429,431	46,973	178,506	667,237	552,066
Interest and commission expense	5,495	-	2,938	234,300	242,733	391,655

Credit interest rate ranges from 2% to 21%

Debit interest rate ranges from 0% to 6.4%

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**(23) FAIR VALUE MEASUREMENT**

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, and the following table gives information about how the fair value of these financial asset and financial liabilities are determined (valuation techniques & key inputs):

	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	31 March 2023	31 December 2022				
	JD	JD				
	(Reviewed not audited)	(Audited)				
<b>Financial Assets</b>						
Financial assets at fair value through statement of Income:						
Quoted shares	1,458,911	1,551,339	Level 1	Quoted prices	Not applicable	Not applicable
Total	1,458,911	1,551,339				
Financial assets at fair value through other comprehensive income:						
Quoted shares	32,429,688	32,465,081	Level 1 and level 2	Quoted prices Through comparison to the market price of a similar financial instrument and discounted cash flows	Not applicable	Not applicable
Unquoted shares	17,537,975	17,025,234	Level 2		Not applicable	Not applicable
	49,967,663	49,490,315				

There were no transfers between Level 1 and Level 2 during the period.

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B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

	31 March 2022 (Reviewed not audited)		31 December 2022 (Audited)		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
<b>Financial assets not calculated at fair value</b>	JD	JD	JD	JD	
Deposits at central banks	47,333,873	47,333,873	42,436,174	42,436,174	Level 2
Balances and deposits at banks and financial institutions	50,985,459	51,685,427	46,289,112	46,914,940	Level 2
Direct credit facilities	697,472,031	709,281,398	701,854,386	714,352,390	Level 2
Financial assets at amortized cost	359,920,588	364,190,513	366,316,269	369,246,685	Level 2
<b>Total financial assets not measured at fair value</b>	<b>1,155,711,951</b>	<b>1,172,491,211</b>	<b>1,156,895,941</b>	<b>1,172,950,189</b>	
<b>Financial liabilities not calculated at fair value</b>					
Banks and financial institutions' deposits	79,128,693	83,420,872	82,143,414	86,186,134	Level 2
Customers' deposits	889,283,662	891,544,489	896,800,727	898,968,976	Level 2
Cash margins	38,020,578	38,166,755	37,774,075	38,002,112	Level 2
Borrowed funds	104,243,558	104,793,704	145,321,349	145,716,923	Level 2
<b>Total financial liabilities not measured at fair value</b>	<b>1,110,676,491</b>	<b>1,117,925,820</b>	<b>1,162,039,565</b>	<b>1,168,874,145</b>	

For the items listed above, the fair value of the financial assets and liabilities classified as level one and level two have been determined in accordance with generally accepted pricing models that reflect the credit risk of counterparties.

**(24) CREDIT COMMITMENTS AND CONTINGENCIES:**

	31 March 2023	31 December 2022
	JD	JD
Letter of credit	6,856,540	13,830,321
Acceptances	12,225,460	14,809,940
Letter of guarantees		
Payment	30,785,102	32,696,770
Performance bonds	48,541,703	46,362,086
Others	65,070,053	67,638,596
Unutilized direct credit facilities ceilings	63,408,613	59,666,050
<b>Total</b>	<b>226,887,471</b>	<b>235,003,763</b>

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**(25) LAWSUITS AGAINST THE BANK**

Lawsuits raised against the Bank amounted to JD 18,154,872 as at 31 March 2023 (31 December 2022: JD 2,821,848). In the opinion of the Bank's management and the legal counsel, there will be no further obligations on the bank that will exceed the provision booked amounting to JD 456,000 as at 31 March 2023 (31 December 2022: JD 266,000).